United Nations A/C.5/52/SR.17

General Assembly
Fifty-second session

Official Records

Distr.: General
18 November 1997

Original: English

Fifth Committee

Summary record of the 17th meeting
Held at Headquarters, New York, on Thursday, 30 October 1997, at 10 a.m.

Chairman: Mr. Chowdhury ..... (Bangladesh)
later: Ms. Daes (Vice-Chairman) ..... (Greece)
later: Mr. Chowdhury (Chairman) ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 116: Proposed programme budget for the biennium 1998-1999 (*continued*)

General debate (*continued*)

Agenda item 133: Financing of the United Nations Observer Mission in Liberia (*continued*)

Agenda item 123: Financing of the United Nations Angola Verification Mission (*continued*)

Agenda item 159: Financing of the United Nations Observer Mission in Angola (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

97-82382 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 116: proposed programme budget for the biennium 1998-1999 (*continued*) (A/52/6/Rev.1 (vol. I and II), A/52/7, A/52/16, A/52/278, A/52/303 and A/52/379; A/C.5/51/53)

General debate (*continued*)

1. **Mr. Jayanama** (Thailand), associating his delegation with the statement on the proposed programme budget delivered on behalf of the Group of 77 and China at an earlier meeting, said that he welcomed the efforts of the United Nations system to achieve savings and improve efficiency. In that connection, his delegation supported the Secretary-General's intention to reduce, over time, the proportion of resources of the regular budget devoted to administration and other non-programme costs by at least one third to enable resources to be released for substantive programme areas in the economic and social fields. However, in the drive to achieve cost-effectiveness and efficiency gains, care should be taken to ensure that there were sufficient resources to cover mandated activities.

2. Few institutional mechanisms had a greater impact on strategic functioning and direction than the budgetary process. His delegation therefore welcomed the Secretary-General's efforts to present a programme budget that reflected the structure of the medium-term plan for the period 1998-2001. There was currently a clearer correspondence between the programmes of the medium-term plan, the Secretariat structures and the programme budget sections, thereby allowing for greater accountability of managers for the implementation of the related activities. The medium-term plan should continue to serve as the framework for the formulation of the programme budget.

3. The United Nations had found itself in an almost constant state of reorganization and financial difficulty since 1987. The entire budgetary process had become disorganized. The situation had made it increasingly difficult for the expert and intergovernmental bodies concerned with the budgetary process to discharge their respective functions. His delegation trusted that the approval of the programme budget for the biennium 1998-1999 and the adoption of the reform proposals would enable the Organization to emerge from its state of flux.

4. General Assembly resolution 51/221 B stipulated that no changes to the budget methodology, to established budgetary procedures and practices or to the financial regulations could be implemented without prior review or approval by the General Assembly. Furthermore, it was necessary to correct the growing tendency to confuse parliamentary documentation with documents intended for the public. The former needed to be supported by technical analysis and justification; broad statements and anecdotal evidence were insufficient.

5. Measures were also necessary to correct an impression that had arisen in the General Assembly in recent years that the legislative process was in danger of being compromised by some of the efforts aimed at gaining broad public acceptance for the Secretariat's initiatives. An atmosphere of trust should prevail between the Secretariat and Member States; that would make it easier to manage reform and change.

6. In order to allow for a more in-depth examination of the impact of budget changes on programmes, proposals under the various sections of the budget should include much more specific information on outputs. Such information should be made available as a basis for future performance appraisals by the General Assembly.

7. Reducing the level of the budget should not be an end in itself, but should be the result of efforts to achieve a truly efficient and effective United Nations. In that connection, the Organization's personnel needed to receive better training in order to achieve improved programme results. His delegation therefore welcomed the 25-per-cent increase in resources for staff training, but believed that the resources which had been earmarked were still insufficient.

8. His delegation shared the concern that had been expressed by others about the fact that the greater proportion of the post reductions were at the junior and entry levels in the P-1 to P-3 range. The high average age in the Secretariat and the high retirement rate expected over the coming 10 years were especially troubling factors.

9. Thailand took its obligations to the United Nations seriously; it was one of the few countries to have paid in full its assessed contributions to the regular budget before 31 January 1997. It was unreasonable for Member States to approve programmes, appropriations and assessments without honouring the international legal obligations to which they were committed.

10. **Mr. Moore** (Bahamas) said that his delegation associated itself with the statement on the proposed programme budget delivered on behalf of the Group of 77 and China at an earlier meeting. He was pleased to concur with the conclusion of the Committee for Programme and Coordination that the proposed programme budget was consistent with the approved programme budget outline and the medium-term plan. A praiseworthy effort had been made

to reflect areas which Member States had designated as priorities. His delegation noted the Secretary-General's assertion that budget savings would be achieved through staff reductions, lower administrative costs, and streamlining of operations. While any measures designed to achieve greater efficiency should be welcomed, it was nevertheless important that such efforts should not hamper programme delivery or the service provided to Member States. His delegation had initially been encouraged by the Secretariat's assurances that programme delivery and the execution of programmes would not be affected, but apparent delays, deferrals and curtailment of services seemed to prove the contrary. The Secretariat should provide specific precise information to allay such misgivings.

11. In implementing any reform measure, it was important to maintain equitable geographical distribution and gender balance and to recruit new staff members into the Organization. New recruits often brought with them fresh ideas and perspectives. Although the number of staff members from the Caribbean region had not declined under the current budget cuts, countries from that region were still under-represented as a whole. The Secretariat should take steps to make good that deficiency. His delegation also wished to register its concern regarding the increased allocation for contractual or consultancy services. Thorough analysis was required before resorting to such services.

12. His delegation noted with satisfaction the increase in resources for economic and social development, which reflected the priority that Member States attached to those areas. His delegation intended to make specific enquiries about the implementation of the outcomes of recent world conferences. In that regard, it was, on the one hand, encouraging to learn that more resources had been provided for the advancement of women, but, on the other, it was disappointing that some posts had been abolished in the corresponding department. His delegation also sought an assurance that there were appropriate levels of resources for programmes relating to drugs, crime and technical assistance.

13. No budget or reform package could function effectively without adequate funding. Deliberations in the Fifth Committee needed to be transparent and democratic and should be conducted in a spirit of trust. The Secretariat should provide information on a timely basis. At the same time, Member States should refrain from burdening the Secretariat with requests for extraneous information.

14. **Mr. Darwish** (Egypt) noted that the proposed programme budget for the biennium 1998-1999 was unprecedented in that it was characterized by negative growth. It coincided with the Secretary-General's proposals for financial and administrative reform, which must affect the future of the United Nations, especially as the arrears owed by some Member States were of such magnitude that the Organization's ability to implement the programmes and activities set forth in the medium-term plan would inevitably be adversely affected; it was already slow to compensate States that contributed troops and equipment for peacekeeping operations. Member States should observe their legal obligation to pay their assessed contributions in full, on time and without conditions. It was to be hoped that the prospective staff cuts would not have a negative impact on the level of implementation. Budget reductions and staff cuts were not ends in themselves; they were a means to the saving of resources which could then be used to implement the Organization's programmes and activities more effectively. The elimination of 1,112 posts was, however, bound to place a heavier burden on the remaining staff members, despite the redistribution of tasks and the introduction of new technology. The available resources should by all means be used wisely, but the Organization's ability to fulfil its mandate must not be compromised. Moreover, his delegation was not persuaded that placing people under pressure was the way to achieve optimal resource use.

15. While posts were being eliminated, however, it appeared that some $15.9 million in additional resources was to be provided for consultants and experts. It was not clear that such an increase was justifiable, and his delegation supported the view of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that outside consultants and experts should be called in only when the necessary expertise was not available within the Organization. Similarly, in peacekeeping operations, it was undesirable to rely too heavily on gratis personnel. A general principle was involved: the Secretariat should not be deprived of the resources it needed in order to perform its functions.

16. The proposed programme budget contained provisions for crime control, but included no activities relating to the fight against terrorism. His delegation felt that it was important to strengthen international cooperation against terrorism as well as against other forms of transnational crime, in accordance with the medium-term plan.

17. The proposed programme budget for the biennium 1998-1999 allocated no resources to good offices and preventive diplomacy; his delegation regarded that as undesirable, as it would make it more difficult for the Organization to respond quickly to an area of potential

conflict in the event that such a response should prove necessary.

18. Twenty-three staff posts were to be eliminated from the United Nations Truce Supervision Organization (UNTSO), while the number of observers was to be reduced by 13, leaving 174 observers in all. It was to be hoped that the reductions in question would not adversely affect the work performed by UNTSO.

19. His delegation fully supported subprogramme 7 of programme 1 of the medium-term plan (Question of Palestine), until a final settlement of the Palestinian question was reached. The proposed cuts to the unit concerned were unjustified. All the proposed activities included under subprogramme 7 should be implemented in full.

20. The transfer of staff funding from the support account for peacekeeping operations to the regular budget was dangerous because it was such an unobtrusive feature of the proposed programme budget and might be used to bypass and evade the principles and bases of staffing in the United Nations system.

21. The proposed "net budgeting" approach seemed likely to produce financial instability for the committees and other bodies that were jointly funded, such as the Joint Inspection Unit; that would adversely affect their effectiveness.

22. It was essential to preserve all the posts in the Decolonization unit. The implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples was still a priority objective for the Organization.

23. The proposed programme budget for the biennium 1997-1998 was, all things considered, a useful document, reflecting as it did the budget outline which the Member States had approved by consensus after long and difficult discussions. It was to be hoped that the Committee would be able to deal with it satisfactorily.

24. *Ms. Daes (Greece), Vice-Chairman, took the Chair.*

25. **Mr. Wardhana** (Indonesia), associating his delegation with the statement on the proposed programme budget delivered on behalf of the Group of 77 and China at an earlier meeting, said that it was important to adhere to the planning, programming and budgeting procedures of the United Nations set out in General Assembly resolution 41/213.

26. The Secretary-General had stated that his proposed programme budget was designed to ensure the full delivery of mandated programmes. His delegation had some doubts regarding that assertion. It was questionable whether the Organization would be able to carry out its mandated programmes and activities or deliver its expected outputs, especially in the field of international and regional cooperation for development.

27. The Committee for Programme and Coordination had not been able to recommend to the General Assembly that it should approve the programme narrative of the section on human rights. It was important that the discussion of the programmatic aspects of the proposed programme budget should reflect that fact.

28. On the topic of priorities, his delegation continued to believe in the validity of the Organization's objectives in promoting conditions favourable to the economic and social progress of developing countries. Every effort should be made to address the urgent needs of those countries. Budgetary reductions should not be made at the expense of programmes and activities of critical importance to the developing world. In that connection, the resource requirements of particular sections of the proposed programme budget should be examined to ensure that they were compatible with and sufficient for that purpose.

29. His delegation sought an assurance that the measures proposed to reduce staffing levels would in no way hinder the productivity and delivery of all mandated programmes and activities. It was important to preserve equitable geographical distribution while taking into account the need to accommodate the concerns of unrepresented or under-represented Member States. In that context, his delegation supported the continuation of the national competitive examination programme and the proposed increase in the resources available for training.

30. His delegation was disturbed by the discrepancy between the Organization's enhanced role and its limited resources. The United Nations was no more than the sum of its parts, and it was therefore incumbent on Member States to halt the slide towards insolvency. Reform should not become a euphemism for budget-slashing or an excuse for certain Member States to renege on their financial obligations.

31. **Mr. Hahm** (Republic of Korea) noted that the Secretary-General's reform proposals were still under review and were not reflected in the budget proposals. Accordingly he expected a revised budget proposal to be submitted which would reflect the reform measures.

32. He noted with satisfaction that the proposed programme budget had been prepared in accordance with the programme budget outline and the medium-term plan. The Secretary-General was proposing an amount of $2.583 billion, representing a real reduction of $124 million

compared with the budget for the current biennium. Of the current total of 10,021 posts, 1,182 were to be reduced and 865 abolished. While he supported the reduced level, he shared the Advisory Committee's concern regarding the negative impact on delivery. Budget cuts and post abolitions should not be an end in themselves, but should enhance the function of the Organization in implementing mandated activities.

33. Improved productivity and efficiency through new technology and an integrated staff training programme should be actively pursued, and his delegation supported the proposal for a 25-per-cent increase in resources for training. It also welcomed the proposed increase of some $56 million for economic and social development.

34. Referring to resolution 51/226, in which the General Assembly requested the Secretary-General not to decrease the proportion of entry-level posts at the P-1 to P-3 levels for budgetary purposes and called for continued efforts to conduct a search for candidates from States below the mid-point, he said his delegation shared the concern regarding the proposed abolition of 1 P-4 and 1 General Service post in the Examinations and Tests Section. The national competitive examination was important in order to address imbalances in representation.

35. The budget proposals called for uniform vacancy rates of 5 per cent for Professional staff and 2.5 per cent for General Service staff; that was lower than the current across-the-board rate of 6.4 per cent. The maintenance of high vacancy rates hampered delivery and the Secretary-General should keep to the proposed levels in order to allow programme managers to utilize approved staffing tables.

36. With regard to net budgeting, the Secretary-General proposed that the United Nations portion of the costs of jointly financed activities and services should be reflected in the expenditure sections on a net basis; that change would not represent a real decrease. He looked forward to a detailed report on the concept of net budgeting.

37. He welcomed the proposed establishment of a development account through savings in administrative activities, and hoped that it would help to promote sustained economic growth and sustainable development, particularly development in Africa. He was encouraged by the indication that technological innovation and improved working methods had simplified Secretariat procedures, making administrative savings possible. However, there should be follow-up reports to the proposal for a one-third reduction in administrative expenses.

38. With regard to result-based budgeting, a detailed report justifying the proposed change, describing the new methodology, containing a mock-up of such a budget, and giving information on regulations, procedures and performance indicators, should be submitted to the Assembly for its approval.

39. **Mr. Elmuntaser** (Libyan Arab Jamahiriya) said he hoped that the proposed programme budget for the biennium 1998-1999 would result in more effective delivery of programmes and activities; that was a matter of particular concern to the developing countries, which were adversely affected when delivery was delayed, as had sometimes occurred in the previous biennium. The point was of some importance, since the new budget was some $124 million less than its predecessor.

40. His delegation would like the budget to include specific figures concerning the number of staff members deemed necessary to implement the Organization's programmes and activities adequately, bearing in mind equitable geographical distribution. The numbers of gratis personnel working in administrative and policy-related positions and peacekeeping operations should be minimal. An expert report should be prepared, indicating their current numbers and the associated budgetary and extrabudgetary costs.

41. The increase in resources for consultant services while Secretariat posts were being eliminated was regrettable, especially in view of the fact that most of the incumbents of the posts in question were from developing countries.

42. The budget should, insofar as possible, include provision for foreseeable contingencies, such as special missions or fluctuations in exchange rates, which might affect programme implementation either favourably or adversely. The budget should be prepared on a unified basis in terms of income and expenditure, and the cost-accounting system that had been approved by the General Assembly should be applied.

43. The Secretary-General's reform programme would help the Organization to deliver its programmes more effectively, provided that Member States did not withhold their political and financial support. It was to be hoped that that support would be forthcoming. The accumulated arrears owed by Member States currently totalled $2,417 million. It was essential for them to fulfil their commitments if the Secretary-General was to implement the decisions and directions given to him by the Member States, and in particular to reimburse countries, especially developing countries, that were providing troops and equipment for peacekeeping operations.

44. The Libyan Arab Jamahiriya, for its part, had always paid its assessed contributions in full and in a timely manner, and proposed to continue to do so, despite the economic hardship and suffering to which it had been subjected since 1981 by one powerful State, which, with the cooperation of its allies, had taken advantage of its position as a permanent member of the Security Council to impose a ban on air transport and an economic embargo that had caused his country to suffer losses in excess of $23 billion to date.

45. **Mr. Deineko** (Russian Federation) said that the budget proposals for the biennium 1998-1999 were being discussed in somewhat unusual circumstances, in parallel with informal consultations on the Secretary-General's reform programme, which was directly related to the proposed programme budget. The Committee thus had a special responsibility, since its budget decisions would undoubtedly have an impact on the implementation of the reform initiatives.

46. While the reform and restructuring exercise was imposing a heavy workload on many Secretariat units, documents of paramount importance, such as the budget, must be submitted to the relevant bodies for their consideration in good time.

47. The proposed programme budget had been formulated in accordance with General Assembly resolution 51/220, on the budget outline, and with the medium-term plan. Accordingly, his delegation generally supported the budget proposals, as well as the Secretary-General's efforts to increase the cost-effectiveness, efficiency and productivity of the executive machinery and to streamline the Secretariat staffing table. He viewed most of the measures proposed in document A/52/303 positively, and supported efforts to enhance the efficiency of United Nations activities in all areas and make the Organization an effective instrument in the current multipolar world. He noted that the process was mainly focused on streamlining and harmonizing management structures, on measures to avoid decentralization of resources, and on the concentration of efforts to solve problems facing the international community.

48. He noted that there were no mechanisms to protect the budget from sharp fluctuations in inflation and exchange rates. While there had to date been a favourable trend that had had a positive effect on the level of appropriations, the situation might well change abruptly. He would like to hear the Secretariat's view of the measures that might be taken to mitigate the impact on the budget of fluctuations in exchange and inflation rates. In that regard, he took note of the assurance that the Advisory Committee's report, transmitting the overdue report of the Secretary-General on the subject, would be submitted to the Fifth Committee before the end of the regular session.

49. His delegation was concerned by the clear tendency under the new proposals to upset the balance of the staffing table by increasing the number of high-level posts. That threatened the pyramidal structure of the Secretariat. In addition, the abolition of posts was often accompanied by an increase in requests for temporary assistance and the use of consultants. In that regard the Secretariat should be guided, in particular, by General Assembly resolution 51/226.

50. There was also a need to respect the Financial Regulations and Rules in preparing new proposals and financing areas of activity. In that connection, he requested information on result-based budgeting, areas where budget savings might be used, and the conformity of such proposed innovations with the Financial Regulations and Rules, and asked what the Secretariat view was of the possible operation of the development account.

51. *Mr. Chowdhury (Bangladesh) resumed the Chair.*

52. **Mr. Zhang Wanhai** (China) said that his delegation agreed in principle with the conclusions and recommendations of the Committee for Programme and Coordination (CPC), although there had been a lack of consensus on some issues at its thirty-seventh session. His delegation endorsed the statement made on behalf of the Group of 77 and China.

53. Over the past 10 years, the United Nations had been plagued by one financial difficulty after another and the prolonged shortfalls in financial resources had had a major impact on the budgetary process. His delegation had taken note of the Advisory Committee's comments that the preparation, approval and implementation of the budget had become disorganized, and that the application of General Assembly resolution 41/213 and the Financial Regulations had come under severe pressure, making it increasingly difficult for the Advisory Committee and the Fifth Committee to discharge their functions properly (A/52/7, para. 7).

54. In introducing the proposed programme budget for the biennium 1998-1999, the Secretary-General had admitted that such a situation had made the entire budget process much more complex. Indeed, implementation of the budget proposals and of the reform plan would not be possible unless solvency was restored to the Organization. The countries concerned, especially the major contributor, should pay their arrears immediately, in full and without conditions.

55. He shared the Advisory Committee's concern about the changes in the process by which the programme budget was constructed and considered. It should be prepared by costing mandated programmes with reference to the outline. There had always been three stages: planning, programming and budgeting; that process had stood the test of time and should not be changed. General Assembly resolution 41/213 should continue to apply, and the role of CPC should be fully respected. The budget preparation procedure would inevitably be affected by the reform proposals, and he hoped that those proposals would end the confusion in the preparation of the budget.

56. The amount of $2.583 billion proposed for the biennium 1998-1999 was less than the level for the current biennium, and the staffing level was much reduced. While he welcomed improvements in efficiency and reductions in expenditure, the General Assembly had made it very clear that reductions must not adversely effect the full implementation of mandated programmes. Bearing in mind the comment that some programme activities had been affected in regard to their scope or timeliness of delivery (A/C.5/51/53, para. 10), he said he hoped that the proposed reduction in resources would not affect the full implementation of all mandated activities for 1998-1999. Moreover, financing of the programme budget, once approved, must be assured.

57. While the Secretary-General had stated that overall post requirements for the upcoming biennium would be reduced to 8,839, document A/52/303 (para. 5) indicated a proposed revised staffing level of 8,695. That document also indicated that the number of posts approved for 1996-1997 was 10,012, which differed from the figure of 10,021 provided to the President of the General Assembly in March. He requested clarification of those discrepancies.

58. **Mr. Kurien** (India) said that his delegation endorsed the statement by the Group of 77 and China. It supported the efforts to improve administrative efficiency and control expenditure as central objectives in taking the Organization into the twenty-first century. Funds must be used effectively, and if mandated programmes could be implemented more efficiently and with lower expenditure, it would be of direct benefit to all. However, it was imperative to bear in mind that the objective was to strengthen the United Nations; cost reduction could not become an end in itself.

59. While there was growing recognition of the need for reform, there was an unwillingness on the part of some States to meet their financial commitments so as to allow the Organization to pursue that agenda. In some cases, structures had already been reformed and resources were required for consolidation. Yet demands continued for further cost reductions. Cost-cutting must be balanced against the provision of resources, which was important for all Member States so that the role of the Organization in promoting development and in maintaining peace and security could be strengthened. While the Secretariat should exercise maximum financial prudence, where mandated programmes needed more resources they should be made available. The related question of how to provide for the financing of deferred or postponed activities in subsequent budgets must also be dealt with.

60. He noted the projected decrease of $123.9 million in the initial estimates for 1998-1999. In that context, the questions raised by the Advisory Committee (A/52/7, para. 30) needed to be answered. Similarly, with regard to staff reductions and vacancy rates, the issues raised by the Advisory Committee (A/52/7, para. 57) needed to be addressed in order to allay doubts as to the underlying rationale. He concurred with the Advisory Committee's observation that the higher vacancy rate was seriously hampering delivery.

61. **Mr. Maddens** (Belgium), speaking on behalf of the European Union and the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, and, in addition, Liechtenstein, said that the approval of the budget involved determining and making available the resources required to implement the Organization's mandates and programmes. It therefore implied the full, prompt and unconditional payment of their contributions by the Member States. Management of the budget required a relationship of trust between the Member States and the Secretariat: the Secretary-General must include sufficient resources to implement the authorized activities, the activities had to be implemented without micromanagement of every detail, and efficient use must be made of the resources. It was against that background of trust that the Member States had to negotiate the budget. In future, the presentation of the budget on the basis of full costs should strengthen the bond of trust, just as result-based budgeting should cut the Committee's detailed management of the Organization to a minimum.

62. The programme of reforms submitted by the Secretary-General would affect the discussions since the Committee did not have all the information required to adopt a budget including the reforms before the end of the year, a point that had been made by the Presidency of the European Union during the informal discussions. Postponing decisions was neither a viable nor an acceptable option.

63. The European Union had already expressed its support — support that was neither blind nor absolute — for the Secretary-General's proposals in various forums. The reform programme was a test case of the new climate required in relations between the Secretary-General and the Member States. The European Union would therefore approach the exercise constructively and hoped that the adoption of the budget would proceed with the greatest possible transparency.

64. Since the Secretary-General had adhered to the level of resources authorized in 1996 on the basis of the budget outline, the European Union could accept a figure of $2.583 billion for the biennium 1998-1999. It would have been useful if ACABQ had submitted its recommendations at the start of the discussion instead of waiting until it could comment on the reform proposals contained in document A/52/303. It was to be hoped that there would be no unnecessary delay in presenting those recommendations; the level of resources approved would obviously depend on the recosting process to which the budget must be submitted.

65. When resolution 51/220 on the 1998-1999 budget outline and resolution 51/219 on the 1998-2001 medium-term plan had been adopted by consensus, the European Union had commented on the priority sectors of the budget now under consideration. It was disappointing that once again the portion of the budget devoted to a number of priority sectors seemed limited. Certain core activities, notably human rights, humanitarian affairs and administrative support for peacekeeping, were in fact still financed from extrabudgetary resources.

66. In several places the proposed programme budget excluded certain components, making it difficult to compare with the previous budget. The question of net budgeting would have to be taken up in the informal consultations. Certain support functions for peacekeeping operations were funded from the support account and not from the regular budget; it should in fact be the temporary support functions, financed from the support account, which should follow the trend of peacekeeping operations, while the permanent functions, funded from the regular budget, should be maintained. With regard to the funding arrangements for special missions approved in 1996 in the context of the budget outline, the European Union had commented at an earlier meeting that the problem was not an easy one: between speculative billings at the start of a financial period and an obligation to absorb potentially very high amounts for new mandates, there must be a happy medium to ensure that the funds for new mandates were used only for those purposes. The absorption of new expenditures would not be easy with a smaller overall budget. The Advisory Committee's comments on the matter were eagerly awaited.

67. The European Union welcomed the emphasis in the reform proposals on the reduction of administrative expenditure in order to benefit the new development account — a concept which required refinement. The European Union would support intensification of the search for internal economies and the transfer of the resources saved to development. It also welcomed the importance attached to new information technologies, which ought to lead to considerable savings.

68. In the reform proposals the Secretary-General had indicated that over the next decade at least 4,500 staff members would retire. His view of that phenomenon as an opportunity to rejuvenate the Organization deserved commendation. However, ACABQ had pointed out that the average level of posts was increasing in relation to the total and that the percentages at the bottom of the scale were falling. It also seemed that the proposed reductions would primarily affect posts below the P-4 level, precisely the level at which young people should be recruited. The Secretary-General might bring that contradiction to the attention of the Task Force on Human Resources Management.

69. The European Union supported the proposals for increased staff training and the provision of the necessary extra resources. It also welcomed the intention to promote gender mainstreaming within the framework of the Programme of Action of the Beijing Conference and of other relevant General Assembly resolutions. The debate before the Committee would be difficult and could profoundly change the working of the United Nations. As the Secretary-General had said, reform should identify ways in which the United Nations could more effectively and efficiently meet the challenges that lay ahead. The Committee therefore had an enormous responsibility.

70. **Mr. Mihut** (Romania) said that the proposed programme budget illustrated the Secretary-General's efforts to ensure an adequate level of resources and direct them towards the priority areas. A substantial endeavour had been made to reduce administrative costs, rationalize work programmes, reorganize structures and reallocate responsibilities. The reduction of $124 million in the budget for the next biennium constituted a step towards enhancing the Organization's financial and administrative efficiency. At the present stage his delegation regarded the budget proposals as only indicative of the allocation of the resources to the various sections of the budget.

71. Such an approach made the link between the budget and the reforms clearer. It was obvious, for example, that the

reform was not just a cost-cutting exercise but a complex process designed to create the conditions for the normal functioning of the United Nations. With that in mind, the budget must become a tool for ensuring improvements and compliance with resolution 41/213 concerning the fulfilment of adopted mandates. While the total level of resources was declining, the net savings constituted the dividend of the reform and would be channelled to economic and social development. It was to be hoped that regional cooperation for development would receive a substantial share of that dividend. The concept of net budgeting was welcome, for it was logical to include in the regular budget only the United Nations share of expenditures financed on an inter-agency basis.

72. Generally speaking, it seemed that the Advisory Committee took a positive view of the proposed programme budget. That perception was strengthened by the lack of any reference to possible reductions in the introductory statement by its Chairman, a situation which reflected the realism of the Secretary-General's proposals.

73. **Mr. Wilmot** (Ghana) said that his delegation associated itself with the statements made on behalf of the Group of 77 and China on the agenda item and on the document on the impact of savings measures on the implementation of mandated programmes and activities (A/C.5/51/53). It also commended the efforts of the Secretary-General to reform the United Nations.

74. The negative nominal growth of the proposed programme budget over the budget for the current biennium represented by the proposals for the next biennium was welcome, but a mere reduction would represent a positive achievement only if it reflected the efficiency required to tackle the tasks ahead. The reduction had been achieved by cuts in overhead spending, but the report on the impact of savings measures showed that the capacity of the Secretariat to produce reports on global issues had been affected, as had the delivery of, for example, trade and infrastructure development activities of crucial importance to the developing countries.

75. His delegation agreed with ACABQ that a high vacancy rate hampered the delivery rate of mandated programmes and that justification should be offered for the proposed staff reductions. The Secretary-General was seeking a total reduction to 8,695 posts and he must ensure that it would not impair the implementation of mandated programmes. Clarification of the feasibility of the proposed vacancy rates for Professional and General Service staff and of their impact on mandated programmes would be welcome. Since the staff would have to bear an additional burden, the Secretary-General's proposals for increased training were justified.

76. The proposal for a net increase of some $56 million for social and economic development and the increased emphasis to be given to the special needs of Africa, the least developed countries and small island developing States deserved support.

77. The resources proposed for the Department of Peacekeeping Operations were not commensurate with the programme requirements. That was part of the reason for the over-dependence on gratis personnel. Serious consideration must be given to the Department's staffing needs in the light of resolution 51/243 on the phasing-out of gratis personnel.

78. There might be some merit in the concept of net budgeting, but his delegation attached more importance to the established budgetary process. It attached importance to transparency in all budgetary matters and therefore endorsed the view of the Advisory Committee that the status quo should be maintained pending a decision by the General Assembly on net budgeting.

79. The Advisory Committee had again raised the issue of increasing demands for independent audits and management reviews. Since the United Nations auditors performed a vital role in improving the Organization's financial management, his delegation strongly supported the Advisory Committee's view that the Financial Regulations and the relevant General Assembly resolutions must be respected by all the Member States and by the Secretariat. In that connection, he pointed out that certain financial statements for 1996 had not been issued to the Board of Auditors, as was required; they should be provided at the earliest opportunity in order to facilitate the further analysis of the budget. The Secretariat should also provide forecasts of projected expenditure for the current biennium, as required by resolution 48/228.

80. It was regrettable that the perennial problem of the late submission of documents had again compelled the Advisory Committee to reschedule its meetings. The Secretariat must be held strictly accountable for the timely submission of documents.

81. As the Committee embarked on the process of approving the Organization's budget all the Member States must commit themselves to fulfilling their Charter obligations by paying their assessed contributions in full, on time and without conditions.

82. **Mr. Sklar** (United States of America) said that, in general, his delegation endorsed the principal aspects of the proposed programme budget, which marked another step

towards remaking the United Nations into an Organization that could better fulfil its mission and meet the goals of Member States within a finite resource base. It also supported the Secretary-General's proposed reorganization and redistribution of responsibilities and hoped that the General Assembly would shortly complete its informal discussions of those actions which the Secretary-General could take under his own authority and would follow that with decisions on his recommendations.

83. The proposed programme budget accurately reflected the priorities set out in the medium-term plan for the period 1998-2001. His delegation noted, in particular, the proposal to enhance development activities and to fund the additional costs from savings in administrative overhead. While his delegation was in favour of shifting savings into development-related activities, it awaited more information on how the new Office for Development Financing would operate. Clear and acceptable criteria were needed for drawing on funds from the development account. It was noteworthy that the percentage of the total proposed budget earmarked for development activities was increasing even as the overall budget remained at or near current levels. That fact, together with the strategic principle built into the budget that administrative savings would be dedicated to development activities, should assuage concerns that savings were being achieved at the expense of development programmes.

84. Turning to specific aspects of the proposed programme budget, he said his delegation was concerned that it included no provision for special missions. Although current procedures allowed for additions during the course of the biennium, such additions could cause the Organization to exceed the proposed budget limit, unless offsetting cost reductions were concurrently adopted. His delegation would be unable to support any additions to the budget which were not offset by complementary reductions, identified savings or funds made available through beneficial recosting.

85. His delegation supported the Secretary-General's proposal regarding the adoption of a net budgeting policy, an approach which gave greater clarity and certainty to the financial planning of Member States and was an appropriate mechanism for an organization such as the United Nations. However, since net budgeting had not previously been used, great care must be taken when making comparisons. The likely recosted estimate of about $2.533 billion was the absolute ceiling for expenditures for the biennium and must not be breached. If the recosting did not bring the budget to that figure, his delegation would request that savings should be identified or programmes reduced with a view to meeting that critical target. The establishment of a ceiling for the two-year period was a critical reform which would ensure that the budget for the biennium would not be amended annually to account for recosting and for new programmes and activities and would thus permit Member States to gauge their domestic funding requirements in a predictable manner. His Government viewed the established biennial budget as a ceiling on expenditures as well as a limit on the assessments of Member States.

86. His delegation was well aware of criticisms of its arrears to the United Nations and other international organizations and wished to put that problem behind it so that it could concentrate its efforts on the substantive work of the Organization. In order for his Government to pay its arrears and at the same time remain current on new assessments, however, agreement must be reached among Member States on budgetary control and on a new scale of assessments. His delegation would deplore the damage done to relations between the United States and the United Nations by their joint failure to resolve those issues.

87. He supported the proposal for the establishment of 39 posts for the Integrated Management Information System (IMIS) programme and strongly believed that the Secretariat should take full advantage of the many opportunities available to improve efficiency and effectiveness through the use of computer technology. When needed posts were seen to be of a full-time and ongoing nature, they should be added to the roster of posts.

88. His delegation also supported the Secretary-General's proposal for a reduction of approximately 1,000 posts in the proposed programme budget for the biennium 1998-1999, but would welcome further clarification of the plan. It applauded all programme managers and their staffs who had achieved the savings mandated in the current budget while ensuring that important programme activities were carried out. It might be useful, however, to take a further look at the budget section for the regular programme of technical cooperation, which might offer opportunities for savings that could be reprogrammed for higher-value activities, including development activities.

89. His delegation took note of the proposed budget for the Office of Internal Oversight Services and trusted that the resources would be sufficient to enable the Office to carry out all its mandated activities.

90. With respect to the individual the sections of the budget, his delegation supported the Secretary-General's intention to reduce by one third the proportion of regular budget resources devoted to administration and other non-programme activities. The Secretariat should develop

a cost-accounting system so that overhead costs could be properly determined and allocated.

91. Governance was most effective when there was openness, transparency and full disclosure. Substantial improvements could be made in that regard in the budget material which had been presented for the Committee's review. It should be possible to look at a programme element and to see quickly and easily its full costs, including direct personnel costs, programmatic support costs, overhead from the department within which the programme lay, allocation of common support services and the appropriate overhead allocation from Organization-wide activities. His delegation looked forward to working with the Secretariat to bring about such improvements in documentation.

92. While it appreciated the work of the Advisory Committee, his delegation was disappointed with some of its analyses and its general lack of clarity. It wondered, for instance, why the Advisory Committee had chosen to analyse and comment on the impression that the legislative process was in danger of being compromised by efforts to gain acceptance of the Secretariat's initiatives. Such statements did not fall within the Advisory Committee's mandate. He hoped that future reports of that body would include fewer statements of a political nature and more technical analysis, with specific examples to support its conclusions and recommendations. The Advisory Committee spent too much time examining changes in the budget from prior periods and provided too little analysis of the base resources allocated to programmes and of how those resources contributed towards meeting the Organization's goals. The Secretary-General, the oversight bodies, the Fifth Committee and the Advisory Committee should consider combining the proposed result-based budgeting and sunset provisions with zero-based budgeting analysis of the full range of United Nations programmes in the years ahead in order to ensure that resources were allocated to programmes of maximum value and that programmes and activities which had outlived their usefulness were eliminated.

93. **Ms. Bashir** (Sudan) said that the proposed programme budget's judicious use of resources could be assessed only if the coming biennium could be meaningfully compared with previous ones. An integrated study should be conducted, using appropriate criteria, to determine the impact of budget cuts and downsizing on programme delivery. Staff morale was undoubtedly a factor. A balance must be struck: the drive to reduce expenditures should not take precedence over the attainment of the Organization's objectives. Specifically, the resource reductions set forth in the Advisory Committee's report would, if allowed to stand, mean discontinuation of the effort to combat desertification; poor African countries afflicted by drought would then be left to confront their problems unaided. Activities to promote the status of women, another vital area, would also be cut back. Greater interaction through non-governmental organizations should be embraced with prudence in view of the potential for wastage of scarce resources on such items as administrative expenditures. For the sake of efficiency, the available resources should be used in a focused manner, rather than being dispersed. Ultimately, however, the Organization's financial crisis would be resolved only when all Member States paid their assessed contributions. Any Member State that refused to do so should be penalized, and should certainly not enjoy special rights that were not enjoyed by other States.

94. **Mr. Halbwachs** (Controller) said that during the debate various comments had been made about the feasibility of fulfilling legislative mandates with reduced budgetary resources. While the Secretary-General's budget proposals for the next biennium were lower than the resources approved for the biennium 1996-1997, they complied with the requirement that mandated programmes must be implemented. The reduction in resources necessarily entailed a reduction in staff, since staff costs accounted for a significant part of the Organization's budget. The budget proposals had been reviewed by the competent bodies and the Secretariat was confident that the Organization's programme of work could be carried out.

95. Concern had been expressed about the use of net budgeting for a number of United Nations bodies, including the Joint Inspection Unit and the International Civil Service Commission. That practice, however, was not new to the United Nations system and should not give rise to concern, since the General Assembly still retained the authority to approve the budgets of jointly financed bodies. The new feature was that only the United Nations share of the costs would be reflected in the budget. A paper would be issued on the subject to dispel any further misgivings.

96. On the question of the vacancy rate, it must be realized that the rate was a tool for the costing of the budget. Vacancies were inevitable in any organization as large as the United Nations, and the rate factored into the budget was based on the Secretariat's statistical analysis of trends. A problem had arisen, however, because the General Assembly had arbitrarily set a higher rate than the statistical trends had suggested. The Secretariat had therefore been forced to take steps to reduce the number of staff. The vacancy rate was certainly not being used for purposes of controlling the level of expenditure.

97. With regard to the budget approval process, many delegations had expressed the hope that the experiences during the process of approving the budget for the biennium 1996-1997 would not be repeated. The Secretariat, too, hoped that there would be a return to normalcy so that it could maximize the results of its efforts and not expend time and resources in dealing with situations that arose because of the unstable financial situation.

98. **Mr. Sulaiman** (Syrian Arab Republic) welcomed the Controller's comments. He hoped, however, that answers to the specific questions raised by his delegation could be provided in writing at a later stage.

99. **The Chairman** said that written replies to the questions raised would be forthcoming in due course.

Agenda item 133: Financing of the United Nations Observer Mission In Liberia (*continued*)

Draft decision A/C.5/52/L.5

100. **Mr. Mazemo** (Zimbabwe), introducing draft decision A/C.5/52/L.5, drew attention to paragraphs 2 and 3 and expressed the hope that it could be adopted without a vote.

101. *Draft decision A/C.5/52/L.5 was adopted.*

Agenda item 123: Financing of the United Nations Angola Verification Mission (*continued*)

Agenda item 159: Financing of the United Nations Observer Mission in Angola (*continued*)

Draft resolution A/C.5/52/L.6

102. **Ms. Emerson** (Portugal), introducing draft resolution A/C.5/52/L.6, drew attention to a number of revisions which had been agreed upon during the informal consultations. The draft resolution was being introduced under both agenda items 123 and 159. In paragraph 2, the word "burdens" should be replaced by the words "an additional burden". A new operative paragraph was to be inserted between paragraphs 7 and 8 which should read:

> "*Requests* that the Secretary-General, in order to reduce the cost of employing General Service staff, take the necessary steps to employ locally-recruited staff for MONUA to General Service posts commensurate with the operational requirements of such posts and to report on this matter."

Finally, the first part of the existing paragraph 8 should be revised to read:

> "*Also requests* the Secretary-General to entrust the Office of Internal Oversight Services to prepare a report on the audit findings in the procurement process of the Verification Mission to the General Assembly ..."

103. She hoped that the draft text could be adopted without a vote.

104. **Mr. Bond** (United States of America) said that he was still awaiting a response from the Department of Peacekeeping Operations to his earlier request for details concerning a $20 million claim for expenses related to air transport. The delay would not, however, affect his delegation's support for the draft resolution.

105. *Draft resolution A/C.5/52/L.6, as orally revised, was adopted.*

106. **Mr. Küntzle** (Germany), speaking in explanation of his delegation's position, said that it had joined in the consensus with certain reservations. It was a well known fact that the amount of every peacekeeping budget would not be fully covered by contributions from Member States, since one Member State had announced its intention of reducing its assessed contribution to the budgets for peacekeeping operations to an amount which it deemed convenient. That unilateral action would further contribute to the Organization's already difficult financial situation and, in the long run, jeopardize the implementation of all peacekeeping operations. His delegation was not prepared to accept non-payment by other Member States or any change in its effective share in the current scale of assessments.

The meeting rose at 1.10 p.m.